

SENATE No. 525

The Commonwealth of Massachusetts

PRESENTED BY:

Marian Walsh

To the Honorable Senate and House of Representatives of the Commonwealth of Massachusetts in General Court assembled:

The undersigned legislators and/or citizens respectfully petition for the passage of the accompanying bill:

An Act relative to the Disclosure of Consumer Loans.

PETITION OF:

NAME:	DISTRICT/ADDRESS:
Marian Walsh	Suffolk and Norfolk
James B. Eldridge	Middlesex and Worcester
Harriette L. Chandler	First Worcester
Steven J. D'Amico	4th Bristol
Frank I. Smizik	15th Norfolk
Denise Provost	27th Middlesex
Matthew C. Patrick	3rd Barnstable
Barbara A. L'Italien	18th Essex
Kate Hogan	3rd Middlesex
Byron Rushing	9th Suffolk

The Commonwealth of Massachusetts

In the Year Two Thousand and Nine

AN ACT RELATIVE TO THE DISCLOSURE OF CONSUMER LOANS.

Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:

SECTION 1. Chapter 93 of the General Laws, as appearing in the 2006 Official Edition, is hereby amended by adding at the end thereof the following section:--

Section 115. (a) As used in this section, the following words shall, unless the context otherwise requires, have the following meanings:--

“Borrower”; a person who is the applicant or obligor to the to a consumer loan transaction.

“Consumer Loan”; a non-mortgage loan for personal, family or household purposes with a principal amount below \$25,000.

“Holder”; a person to whom the debt arising from the consumer loan obligation is currently owed.

“Lender”, a person who both (1) regularly provides consumer loans which is payable by agreement in more than four installments or for which the payment of a finance charge is or may be required, and (2) is the person to whom the debt arising from the loan obligation is initially payable on the face of the evidence of indebtedness or, if there is no such evidence of indebtedness, by agreement.

(b) Before extending any consumer loan, the lender shall provide to the borrower, the standard disclosure form developed by the office of consumer affairs pursuant to this act.

(c) If the holder of the loan or debt obligation transfers or assigns the debt to a person or entity not a party to the original transaction, the prior holder shall provide to the borrower at minimum 15 days in advance, the amount due on the remaining obligation and the name and address of the new holder, on a standardized disclosure form developed by the office of consumer affairs pursuant to this act.

(d) The office of consumer affairs, in consultation with the division of banks, shall promulgate rules and regulations governing the disclosure of terms for consumer loans within the Commonwealth. The office shall develop a standardized notification form, in minimum 14 font, to be provided to customers of consumer loans at the time the consumer applies for the loan and upon any subsequent changes in its terms on a form separate from the application. The notification shall include, but not be limited to the following terms:

(a) The amount of principal;

(b) The actual interest rate;

(c) The method of determining the interest rate;

(d) The length of the obligation;

(e) The name, address and contact information of the lender or holder and borrower;

(e) The office of consumer affairs, in consultation with the division of banks, shall promulgate any rules and regulations necessary to implement and enforce this Section.

(f) A transaction subject to the provisions of this chapter may also be subject to the provisions of chapter one hundred and forty D and in the event of a conflict between the provisions of this chapter and said chapter one hundred and forty D, the provisions of said chapter one hundred and forty D shall control.